

**CITIZENS TELECOMMUNICATIONS  
COMPANY OF ILLINOIS**

**DIRECT TESTIMONY OF JOHN LASS**

**ICC DOCKET NO. 00 - \_\_\_\_\_**

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8 Q. Please state your name and business address.

9 A. My name is John Lass. My business address is 3585 Lakeside Drive,  
10 Minnetrista, MN 55364.

11

12 Q. By whom are you employed and in what capacity?

13 A. I am employed by Citizens Utilities Company (hereinafter referred to as  
14 "Citizens") as Vice President and General Manager, Central Region for the  
15 Communications Sector. I am also a Vice President of Citizens  
16 Telecommunications Company of Illinois ("Citizens Illinois").

17

18 Q. Please describe your educational background.

19 A. I hold a Bachelor's degree in civil engineering from Iowa State University.

20

21 Q. Please describe your prior work experience.

22 A. Prior to my current position, I was Vice President-Integration, responsible  
23 for all aspects of acquisition-related integration efforts for Citizens  
24 Communications. Other positions previously held include: Vice President-  
25 Revenue Assurance and Regional Operations Vice President for New  
26 York, Pennsylvania, Tennessee, and West Virginia. I joined Citizens as

**OFFICIAL FILE**

ILL. C. C. DOCKET NO. 00-0187

1

Joint Petitioners Exhibit No. 3.00

Witness \_\_\_\_\_

Date 6-20-00 Reporter CB

1 the Central District Telephone Operations Manager for the Sherburne,  
2 New York area in 1994. Prior to that, I held a variety of operations  
3 positions in New York and the Midwest with GTE and Contel.  
4

5 Q. What are your responsibilities in your current position?

6 A. I am responsible for all facets of Citizens Communications Central Region  
7 operations. The Central Region consists of the states of Iowa, Illinois,  
8 Minnesota, Nebraska, North Dakota and Wisconsin. My responsibilities for  
9 the Central Region include the oversight of all functions within the region  
10 that impact customers, such as plant service, customer care, sales, and  
11 marketing.  
12

13 Q. What are the areas you will address in your testimony?

14 A. I will discuss the exchanges to be transferred, the experience Citizens will  
15 bring to Illinois, and how Citizens Illinois will serve the transferred  
16 exchanges.  
17

18 Q. Have you reviewed the Joint Petition?

19 A. Yes, I have.  
20

21 Q. Is the information contained in that Joint Petition true and correct?

22 A. Yes, to the best of my knowledge and belief.  
23

1 Q. Please identify the exchanges that Citizens Illinois will acquire.

2 A. GTE will transfer 110 exchanges in Illinois serving approximately 110,000  
3 access lines. These have been specifically identified in Exhibit 23  
4 attached to the Joint Verified Petition. Exhibit 25 to the Joint Verified  
5 Petition shows the location of those exchanges in Illinois.

6  
7 Q. How will Citizens Illinois handle customer service and other requests in  
8 the acquired exchanges?

9 A. Operations offices will be located in Illinois to manage the installation,  
10 repair and routine construction activities for Citizens Illinois customers.  
11 Employees will be located in local areas as appropriate to meet the day to  
12 day requirements. The Johnstown Customer Care Center and the  
13 Sherburne Plant Service Center in New York are being expanded to  
14 ensure efficiency and quality service. The Customer Care Center will  
15 handle calls relating to service orders, billing inquiries, and other customer  
16 inquiries. The Plant Service Center will handle all customer maintenance  
17 and repair requests. As the transition progresses, further expansion and  
18 organizational changes may take place. Citizens Illinois will keep this  
19 Commission informed as plans evolve.

20  
21 Q. What effect will the proposed transaction have on GTE employees in the  
22 transferred exchanges?

23 A. All active employees employed in these exchanges will be transferred to

1 Citizens Illinois, in the same or comparable positions, with the same or  
2 comparable compensation, ensuring continuity in day-to-day operations.  
3 Citizens Illinois will assume GTE's obligations for Illinois employees under  
4 the collective bargaining agreement in effect at the time of closing.

5  
6 Q. Have GTE and Citizens developed procedures to facilitate the transfer of  
7 the Illinois operations and to address the transition from GTE to Citizens?

8 A. Yes. The parties have met to develop appropriate procedures to ensure a  
9 transfer of ownership that is transparent to customers. Under the  
10 Agreement, GTE may provide, among other things, operator services,  
11 directory assistance services, SS7 services, maintenance services, and  
12 space and power leases. This means a smooth change of ownership fully  
13 complying with applicable rules and regulatory orders, without disrupting  
14 service provision or causing customer confusion or inconvenience.

15  
16 Q. What else have GTE and Citizens done to ensure a seamless continuation  
17 of services?

18 A. Citizens and GTE have analyzed GTE's billing and customer services  
19 systems. In addition, Citizens personnel will visit will the operating areas  
20 to become familiar with the switching and network configurations in Illinois.  
21 Teams have been formed to identify the specific steps necessary to  
22 transition the customer services operations in a manner that will appear  
23 seamless to the customers.

1 Q. How is Citizens managing its acquisition process overall?

2 A. Citizens has established an Acquisition Integration Core Team to manage  
3 the acquisitions from both GTE and US West. The Core Team members  
4 are high level representatives from all relevant disciplines, who are  
5 dedicated full time to ensuring that the acquisitions are successful for our  
6 four major constituencies: customers, regulators, employees and  
7 shareholders.

8

9 A successful transition is Citizens' highest priority. Citizens' top  
10 management has emphasized to the entire organization that core-team  
11 member requests to any employee are to be given the highest priority.

12 During the last 6 years, Citizens purchased properties in 13 states from  
13 several companies including GTE and ALLTEL, successfully integrating  
14 over 600,000 access lines.

15

16 Q. Will the transaction affect the provision of public safety services such as  
17 911?

18 A. No. GTE and Citizens Illinois will work to ensure that public safety  
19 services continue to be provided in the same manner, and without  
20 interruption, to all customers in the affected exchanges.

21

22 Q. Will the transaction affect any of the existing Extended Area Services  
23 (EAS) arrangements?

1 A. The transaction will have no effect on existing EAS arrangements or  
2 routes.

3  
4 Q. Please describe Citizens' experience in providing telecommunications  
5 service.

6 A. Telephone service was a core business when Citizens began in 1935.  
7 Citizens has nearly 65 years experience in telephony. Through  
8 subsidiaries, Citizens currently operates as an incumbent local exchange  
9 carrier ("ILEC") in thirteen states: Arizona, California, Idaho, Montana,  
10 Nevada, New Mexico, New York, Oregon, Pennsylvania, Tennessee,  
11 Utah, West Virginia, and Wisconsin. These subsidiaries provide local and  
12 intra-LATA service to approximately one million access lines. Citizens  
13 Telecommunications Company, a subsidiary of Citizens, is authorized to  
14 provide long distance telephone service in most states. Citizens also owns  
15 82% of Electric Lightwave, Inc., a full-service, facilities-based, competitive  
16 local exchange carrier. Both of these carriers are certified to provide  
17 service in Illinois.

18  
19 Q. What services will Citizens Illinois provide?

20 A. Immediately after the transfer of assets, Citizens Illinois will continue to  
21 provide the same products and services to customers that GTE provides  
22 in the subject exchanges. In addition, Citizens is able to offer its  
23 customers both intraLATA and interLATA interexchange services, thus

1 providing customers the option of "one-stop shopping" for  
2 telecommunications services, both local and interexchange. In response  
3 to rapidly changing telecommunications technology, Citizens will continue  
4 to stay abreast of these changes to find opportunities to bring advanced  
5 services to small/rural communities at affordable prices.  
6

7 Q. Please describe Citizens' commitment to quality customer service.

8 A. Citizens Illinois is dedicated to providing its customers the highest quality  
9 service possible at affordable prices. Citizens Illinois is committed to  
10 meeting the Commission's service standards. The resources and  
11 investment Citizens has deployed in its existing service areas demonstrate  
12 its commitment to quality customer service and satisfaction. Within two  
13 years following acquisition, offices in Arizona, Idaho, Utah, Nevada and  
14 Montana were upgraded to digital technology and 99% of the multi-line  
15 customers were upgraded to single party service. Today, customers in all  
16 states have been upgraded to digital technology offering a variety of  
17 services. In each of its prior acquisitions, Citizens met or exceeded plans  
18 presented to regulatory agencies at the time of the acquisitions. Citizens'  
19 commitment to customer service is evidenced by the service quality it  
20 currently provides in other states. For example, in the past six years,  
21 Citizens Telecommunications Company of New York, Inc. has received  
22 letters of commendation from the New York Public Service Commission  
23 for providing excellent service to customers. Overall, Citizens' "ILEC"

1 subsidiaries experience 1.8 trouble tickets per 100 access lines.

2  
3 Q. Does Citizens have any plans to modernize or upgrade service to Illinois  
4 customers?

5 A. Citizens is in the process of evaluating the network and switching facilities  
6 for each of the purchased exchanges. Citizens currently contemplates  
7 that it will invest at least \$60 million in the Illinois exchanges over the first  
8 four years following the acquisition closing. This amount represents a  
9 substantial increase over the current average level of investment in these  
10 exchanges.

11  
12 Following the transfer of the Illinois assets to Citizens Illinois, Citizens will  
13 continue to analyze the facilities and operations, meet with key customers  
14 to evaluate the needs of each community and prioritize projects that will  
15 most improve service for its customers. Citizens believes that this  
16 assessment and prioritization process should be completed before  
17 assigning any of the anticipated funds to specific projects.

18  
19 Q. Has Citizens' evaluation of the facilities thus far identified specific areas  
20 for improvement?

21 A. Citizens has evaluated the current GTE plant facilities to identify those  
22 areas where Citizens can build upon the existing modern infrastructure.  
23 After its initial analysis, Citizens has identified the opportunity to install the



1 next generation of switch upgrades and to reinforce or upgrade interoffice  
2 and transmission facilities in many exchanges.

3  
4 Q. Why is it prudent to conduct further study before committing investment to  
5 particular projects?

6 A. A systematic approach must be utilized to identify projects. Potential  
7 projects must be assessed to determine: 1) the number of customers that  
8 will benefit, 2) the impact on overall service quality, and 3) the financial  
9 impact on the company and customers. Top priority will be given to  
10 projects that have the largest impact on service quality, meet customers  
11 needs and profitability, and improve operating efficiencies. Before  
12 allocating resources to specific projects, Citizens Illinois will further assess  
13 plant conditions and capacities, to pinpoint the most critical plant needs.  
14 Citizens will continue this assessment so that, upon closing, it can  
15 undertake the highest priority projects as soon as possible, while reserving  
16 adequate resources to fund future projects.

17  
18 Q. How will customers be notified of the change of ownership?

19 A. After the Commission approves the transaction, GTE will notify customers  
20 via bill insert or separate mailing of the approval. At the same time, news  
21 releases describing the transaction will be provided to all local media. All  
22 customers will receive a notice prior to closing. The content of the notices  
23 will be shared with the Commission prior to distribution.

1 Q. Please summarize why Citizens is fit, willing, and able to provide  
2 telecommunications service to the Illinois properties.

3 A. Citizens has been offering telephone service for 65 years. Since the early  
4 1990s, Citizens has been expanding its presence throughout the country  
5 through acquisitions, and it now offers telecommunications services in  
6 more than 500 communities in 13 states. This acquisition, once  
7 completed, will enable Citizens Illinois to concentrate on core markets,  
8 achieve operating synergies, maintain or improve service to customers,  
9 and create both immediate and long-term value for shareholders. Citizens  
10 Illinois's operating strength draws upon Citizens' history and experience in  
11 serving small and medium sized communities. Citizens Illinois will provide  
12 high quality service to its customers, meeting the service standards of the  
13 Commission. The best evidence for this statement are the service and  
14 modernization standards customers enjoy in the more than 500  
15 communities in 13 states where Citizens currently provides service. In  
16 these states, Citizens entities have deployed digital switching technology  
17 throughout the network, upgraded customers to single party service and  
18 deployed digital switching, fiber and digital radio technology on inter-  
19 exchange routes.

20

21 Q. Does this conclude your direct testimony?

22 A. Yes, it does

**STATE OF ILLINOIS  
BEFORE THE ILLINOIS COMMERCE COMMISSION**

GTE NORTH INCORPORATED  
GTE SOUTH INCORPORATED  
CITIZENS TELECOMMUNICATIONS COMPANY OF ILLINOIS

Joint Petition for the Approval of Purchase and  
Sale of Assets, and Related Agreements  
Pursuant to §7-102 of the Public Utilities Act;  
the Issuance of Certificates of Interexchange  
Service, Service, and Exchange Service  
Authority Pursuant to §§13-403, 13-404,  
and 13-405 to Citizens Telecommunications  
Company of Illinois; the Discontinuance  
by GTE North Incorporated and  
GTE South Incorporated of Service  
Pursuant to §13-406 of the  
Public Utilities Act; the Issuance of an  
Order Approving Designation of  
Citizens Telecommunications Company of  
Illinois as an Eligible Telecommunications  
Carrier Covering the Service Area  
Consisting of the Exchanges to be Acquired  
from GTE North Incorporated and GTE  
South Incorporated Upon the Closing of this  
Purchase and Sale of Assets; the Issuance  
Of a Letter of Non-Opposition to Waiver of  
Study Areas; the Authorization of Citizens  
Telecommunications Company of Illinois to  
Maintain its Books and Records Outside of  
the State of Illinois; and the Granting of All  
Other Necessary and Appropriate Relief.

Docket No. 00-0187

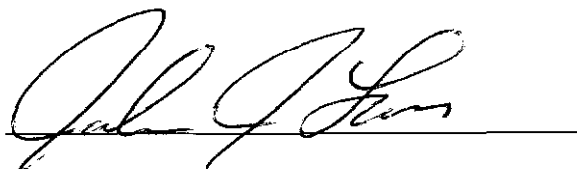
**AFFIDAVIT OF JOHN LASS**

STATE OF MINNESOTA )  
 ) SS.  
COUNTY OF HENNEPIN )

JOHN LASS, first being duly sworn on oath states as follows:

1. I am employed by Citizens Communications Company as Vice President and General Manager, Central Region for the Communications Sector.
2. My business address is 3585 Lakeside Drive, Minnetrista, MN 55364.
3. On February 25, 2000, I submitted prefiled direct testimony on behalf of Joint Petitioner Citizens Telecommunications Company of Illinois.
4. My direct testimony in this proceeding is marked for identification as "Exhibit 3.00".
5. Exhibit 3.00 consists of 10 pages.
6. I have no corrections or deletions to Exhibit 3.00. I would add that Citizens Communications Company was formerly known as Citizens Utilities Company.
7. I certify that the answers and information set forth in Exhibit 3.00 are true and correct to the best of my belief and knowledge.
8. If asked the same questions today as those set forth in Exhibit 3.00, my answers would be the same as those set forth in Exhibit 3.00.

FURTHER AFFIANT SAYETH NOT.

A handwritten signature in cursive script, appearing to read "John Lass", is written over a horizontal line.

SUBSCRIBED and SWORN to before me a Notary Public, this 16TH day of  
JUNE, 2000.



Colleen K. Ittel  
Notary Public